



NOTICE OF ANNUAL GENERAL MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

OF

**AURCANA CORPORATION**

*to be held at 10:00 a.m. on Tuesday, June 28, 2016*

*at 789 West Pender Street, 3<sup>rd</sup> floor, Vancouver, BC*



**AURCANA CORPORATION**

850- - 789 West Pender Street

Vancouver, BC V6C 1H2

Phone: (604) 331-9333 Fax: (604) 633-9179

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “**Meeting**”) of the shareholders of Aurcana Corporation (the “**Company**”) will be held at **789 West Pender Street, 3<sup>rd</sup> Floor, Vancouver, British Columbia**, on **Tuesday, June 28, 2016** at the hour of 10:00 a.m. (Vancouver time), for the following purposes:

1. To receive and consider the audited consolidated financial statements of the Company, together with the auditor’s report thereon, for the fiscal year ended December 31, 2015 and accompanying report of the auditors;
2. To set the number of directors for the ensuing year at four;
3. To elect the directors of the Company for the ensuing year;
4. To appoint Deloitte LLP, Chartered Accountants, as the auditors of the Company for the ensuing year and to authorize the directors of the Company to fix the remuneration to be paid to the auditors;
5. To transact such further or other business as may properly come before the Meeting and any adjournment or postponement thereof.

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this notice.

Registered holders of common shares of record at the close of business on May 17, 2016 are entitled to notice of the Meeting and to vote thereat or at any adjournment(s) or postponement(s) thereof.

If you are a registered shareholder of the Company and unable to attend the Meeting in person, please complete, date and sign the accompanying form of proxy and deposit it with the Company's transfer agent, TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) before the time and date of the Meeting or any adjournment(s) or postponement(s) thereof.

If you are a non-registered shareholder of the Company and received this Notice of Meeting and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing that holds your security on your behalf (the “**Intermediary**”), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

DATED at Vancouver, British Columbia, this 23<sup>rd</sup> day of May, 2016.

BY ORDER OF THE BOARD OF AURCANA CORPORATION

“Kevin Drover”

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**Kevin Drover**  
President and CEO



## AURCANA CORPORATION

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Vancouver, BC V6C 1H2

Phone: (604) 331-9333 Fax: (604) 633-9179

### MANAGEMENT INFORMATION CIRCULAR

*(As at May 17, 2016, except as indicated)*

This management information circular ("**Circular**") is furnished in connection with the solicitation of proxies by the management ("**Management**") of Aurcana Corporation (the "**Company**" or "**Aurcana**") for use at the Annual General Meeting (the "**Meeting**") of shareholders ("**Shareholders**") of the Company to be held at 10:00 a.m. (Vancouver time) on Tuesday, June 28, 2016, at the place and for the purposes set forth in the notice of the Meeting (the "**Notice of Meeting**").

### PROXIES AND VOTING RIGHTS

#### Management Solicitation

The solicitation of proxies by Management will be conducted by mail and may be supplemented by telephone or other personal contact and such solicitation will be made without special compensation granted to the directors, regular officers and employees of the Company. The Company does not reimburse Shareholders, nominees or agents for costs incurred in obtaining, from the principals of such persons, authorization to execute forms of proxy, except that the Company has requested brokers and nominees who hold stock in their respective names to furnish this Circular and related proxy materials to their customers. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company.

No person has been authorized to give any information or to make any representation other than as contained in this Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Circular shall not create, under any circumstances, any implication that there has been no change in the information set forth herein since the date of this Circular. This Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

#### Registered Shareholders

If you are a registered Shareholder, you may wish to vote by proxy whether or not you attend the Meeting in person. If you submit a proxy, you must complete, date and sign the proxy, and return it to **TMX Equity Transfer Services**, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1 not less than 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) prior to the scheduled time of the Meeting, or any adjournment(s) or postponement(s) thereof.

#### Non-Registered Shareholders

Only directly registered Shareholders or duly appointed proxyholders are entitled to vote at the Meeting. Most Shareholders are non-registered Shareholders ("**Non-Registered Shareholders**") because the common shares of the Company ("**Common Shares**") they own are not registered in their names but are registered either: (a) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Shareholder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESSPs and similar plans); or (b) in the name of a clearing agency such as The Canadian Depository for Securities Limited in Canada or the Depository Trust Company, in the United States, of which the Intermediary is a participant.

These meeting materials are being sent to both registered and non-registered owners of the securities. If you are a

non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions or form of proxy delivered to you.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless the Non-Registered Shareholders have waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- a) Be given a proxy which **has already been signed by an Intermediary** (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. This form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should otherwise properly complete the form of proxy and **return it in accordance with the instructions provided in the proxy; or**
- b) More typically, be given a voting instruction form which **is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “**Voting Instruction Form**” or “**VIF**”), which the Intermediary must follow.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Shares they beneficially own. However, without specific voting instructions, Intermediaries and their agents and nominees are prohibited from voting shares for their clients. **Accordingly, each Non-Registered Shareholder should ensure that voting instructions are communicated to the appropriate party well in advance of the Meeting.**

Should a Non-Registered Shareholder who receives either a proxy or a VIF wish to attend the Meeting or have someone else attend on his or her behalf, the Non-Registered Shareholder should strike out the names of the persons named in the Proxy and insert the Non-Registered Shareholder’s (or such other person’s) name in the blank space provided or, in the cases of a VIF, follow the corresponding instructions on the form.

There are two kinds of beneficial owners – those who object to their name being made known to the issuers of securities which they own (called OBOs for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called NOBOs for Non-Objecting Beneficial Owners). Pursuant to NI 54-101, issuers can obtain a list of their NOBOs from intermediaries for distribution of proxy-related materials directly to NOBOs.

These Meeting Materials are being sent to both registered and non-registered owners of the Common Shares. If you are a Non-Registered Shareholder, and the Company or its agent has sent these Meeting Materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.

The Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to each OBO, unless the OBO has waived the right to receive them. The Company does not intend to pay for Intermediaries to forward the Meeting Materials to OBOs. Accordingly, OBOs will not receive the Meeting Materials unless the Intermediary assumes the cost of delivery.

### **Appointment and Revocation of Proxies**

**The persons named in the accompanying form of proxy are directors and/or officers of the Company. A Shareholder has the right to appoint a person or company (who need not be a Shareholder) other than the persons whose names appear in such form of proxy, to attend and act for and on behalf of such Shareholder at the Meeting and any adjournment(s) or postponement(s) thereof. Such right may be exercised either by striking out the names of the persons specified in the form of proxy and inserting the name of the person or company to be appointed in the blank space provided in the form of proxy, or by completing another proper**

**form of proxy and, in either case, delivering the completed and executed proxy to TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting, or any adjournment(s) or postponement(s) thereof.**

A registered Shareholder of the Company who has given a proxy may revoke the proxy by: (a) depositing an instrument in writing, including another completed form of proxy, executed by such registered Shareholder or by his or her attorney authorized in writing or by electronic signature or, if the registered Shareholder is a corporation, by an officer or attorney thereof properly authorized, either: (i) at the principal office of the Company at any time prior to 5:00 p.m. (Vancouver time) on the last business day preceding the day of the Meeting or any adjournment(s) or postponement(s) thereof, (ii) with the said office of TMX Equity Transfer Services Attn: Proxy Department at any time prior to 5:00 p.m. (Vancouver time) on the last business day preceding the day of the Meeting or any adjournment(s) or postponement(s) thereof, or (iii) with the Chairman of the Meeting on the day of the Meeting or any adjournment(s) or postponement(s) thereof; (b) transmitting, by telephone or electronic means, a revocation that complies with paragraphs (i), (ii) or (iii) above and that is signed by electronic signature, provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such Shareholder or by or on behalf of his or her attorney, as the case may be; or (c) in any other manner permitted by law including attending the Meeting in person.

A Non-Registered Shareholder who has submitted a proxy may revoke a VIF or proxy that has been given to an Intermediary or to the service company that the Intermediary uses by following the instructions of the Intermediary respecting the revocation of proxies, provided that an Intermediary is not required to act on a revocation of a proxy or VIF which is not received by the Intermediary at least seven days prior to the Meeting.

#### **Voting and Discretion of Proxies**

The Common Shares represented by an appropriate form of proxy will be voted or withheld from voting on any ballot that may be conducted at the Meeting, or at any adjournment or postponement thereof, in accordance with the instructions of the Shareholder thereon. **In the absence of instructions, such Common Shares will be voted in favour of each of the matters referred to in the Notice of Meeting as specified thereon.**

**The enclosed form of proxy, when properly completed and signed, confers discretionary authority upon the persons named therein to vote on any amendments to or variations of the matters identified in the accompanying Notice of Meeting and on other matters, if any, which may properly come before the Meeting or any adjournment or postponement thereof.**

#### **NOTICE AND ACCESS**

The Company is not sending the Meeting Materials to registered Shareholders or Non-Registered Shareholders using notice-and-access delivery procedures defined under NI 54-101 and National Instrument 51-102, *Continuous Disclosure Obligations* (“**NI 51-102**”).

#### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

No director or executive officer of the Company who was a director or executive officer since the beginning of the Company’s last financial year, no proposed nominee of Management for election as a director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Company is authorized to issue an unlimited number of Common Shares without par value. As of the record date, determined by the Board of Directors of the Company (the “**Board**”) to be the close of business on May 17, 2016 (the “**Record Date**”), a total of 84,644,973 Common Shares were issued and outstanding. Each Common Share entitles the Shareholder of record to one vote at the Meeting. The Company has no other classes of voting securities. Only registered Shareholders as of the Record Date are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment(s) or postponement(s) of the Meeting.

To the knowledge of the Company's directors and executive officers, as at the Record Date, Orion Mine Finance (Master) Fund I LLP holds 16,499,501 common shares, representing 19.49% of the issued and outstanding common shares of the Company. No other person beneficially owns, directly or indirectly, or controls or directs Common Shares carrying 10% or more of the voting rights attached to all of the Company's Common Shares.

## **MATTERS TO BE ACTED UPON AT THE MEETING**

TO THE KNOWLEDGE OF THE CORPORATION'S DIRECTORS, THE ONLY MATTERS TO BE PLACED BEFORE THE MEETING ARE THOSE REFERRED TO IN THE NOTICE OF MEETING ACCOMPANYING THIS INFORMATION CIRCULAR. HOWEVER, SHOULD ANY OTHER MATTERS PROPERLY COME BEFORE THE MEETING, THE SHARES REPRESENTED BY THE PROXY SOLICITED HEREBY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE SHARES REPRESENTED BY THE PROXY.

### **1. Financial Statements**

The Board has approved the audited consolidated financial statements for the fiscal year ended December 31, 2015, together with the auditor's report thereon. Copies of these financial statements have been sent to those Shareholders who had requested receipt of the same and are also available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **2. Set Numbers of Directors**

At the Meeting, Shareholders will be asked to pass an ordinary resolution to set the number of directors of the Company for the ensuing year at four. The number of directors will be approved if the affirmative vote of at least a majority of Common Shares present or represented by proxy at the Meeting and entitled to vote thereat are voted in favour of setting the number of directors at four.

**The shares represented by proxy will be voted FOR the resolution to set the number of directors for the ensuing year at four, unless the Shareholder has specified in the form of proxy that the Shareholder's Common Shares are to be voted against the resolution.**

### **3. Election of Directors**

#### *Majority Voting Policy*

The Board of Directors adopted a Majority Voting Policy pursuant to which, with respect to uncontested elections, each nominee who receives a greater number of votes "withheld" than votes "for" will tender his or her resignation to the Chair of the Compensation and Corporate Governance Committee ("**CCG Committee**") promptly following the shareholders' meeting. The CCG Committee will consider the offer of resignation and will make a recommendation to the Board on whether to accept it. In considering whether or not to accept the resignation, the CCG Committee will consider the circumstances of such vote, including, without limitation, any stated reasons why shareholders withheld votes from the election of the director, the length of service and the qualifications of the director whose resignation has been tendered, the director's contributions to the Company and the effect that such resignation may have on the Company's ability to comply with corporate governance guidelines and applicable laws and make whatever recommendation the CCG Committee deems appropriate. The CCG Committee will be expected to accept the resignation except in situations where the considerations would warrant the applicable director continuing to serve on the Board. The Board will make its final decision and announce it in a press release within 90 days following the Meeting. A director who tenders his or her resignation pursuant to this policy will not participate in any meeting of the Board or the CCG Committee at which the resignation is considered.

The Company's current Board consists of Kevin Drover, Adrian Aguirre, Jerry Blackwell and José Manuel Bórquez. Each director elected will hold office until the next annual general meeting or until his successor is duly elected or appointed unless his office is earlier vacated in accordance with the articles of the Company or unless he becomes disqualified to act as director.

Management of the Company does not contemplate that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons designated in the enclosed form of Proxy reserve the right to vote for other nominees in their discretion.

Management of the Company proposes to nominate the following four persons as further described in the table below, for election by the Shareholders as directors of the Company to hold office until the next annual meeting. Information concerning such persons, as furnished by the individual nominees, as at Record Date, is as follows:

| <b>Name, Jurisdiction of Residence and Position With the Corporation</b>                                                     | <b>Principal occupation or employment and, if not a previously elected director, occupation during the past 5 years</b> | <b>Served as a Director Continuously Since</b> | <b>Number of Common Shares beneficially owned or directly or indirectly controlled<sup>(1)</sup></b> |
|------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------------------------------------------------------------|
| <b>Kevin Drover</b> <sup>(3) (4)</sup><br><i>President, Chief Executive Officer and Director</i><br>British Columbia, Canada | Executive in the mining industry.                                                                                       | Nov. 18, 2013                                  | 181,700                                                                                              |
| <b>Adrian Aguirre</b> <sup>(2) (3)</sup><br><i>Director</i><br>Mexico City, Mexico                                           | Certified Public Accountant and a Board member of 4Play Telecom, SA de CV.                                              | Dec. 10, 2008                                  | 160,000                                                                                              |
| <b>Jerry Blackwell</b> <sup>(2) (4)</sup><br><i>Director</i><br>British Columbia, Canada                                     | Professional Geologist and Technical Advisor.                                                                           | Jun. 5, 2014                                   | Nil                                                                                                  |
| <b>José Manuel Bórquez</b> <sup>(2)</sup><br><i>Director</i><br>Santiago, Chile                                              | International Natural Resources lawyer, member of Chilean Bar since 1985. Partner, LatinLawFirm, Santiago, Chile.       | Jul. 17, 2014                                  | Nil                                                                                                  |

(1) Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as at the record date.

(2) Member of Audit Committee.

(3) Member of Compensation and Corporate Governance Committee.

(4) Member of Technical, Environment, Health and Safety Committee.

#### *Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions or Individual Bankruptcies*

Except as noted below, to the knowledge of the Company, no proposed director of the Company:

- a) is, at the date of this Circular, or has been within 10 years before the date of this Circular, a director, Chief Executive Officer (“CEO”) or Chief Financial Officer (“CFO”) of any company (including Aurcana), that:
  - (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or
  - (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO; or
- b) is, as at the date of this Circular, or has been within 10 years before the date of the Circular, a director or executive officer of any company (including Aurcana) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings,

arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or

- d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Mr. Adrian Aguirre was a director of Maxcom Telecomunicaciones SAB (“**Maxcom**”), a Mexico City based carrier, which while acting in his capacity, filed for Chapter 11 bankruptcy court protection in the United States. In July 2013 Maxcom filed for pre-packaged Chapter 11 bankruptcy in a US court to pursue a recapitalization Recapitalization Plan (the “**Recapitalization Plan**”) and would give full control to an investor group led by a private equity from Ventura Capital. In September, 2013 the US Bankruptcy Court for the District of Delaware entered an order confirming the Recapitalization Plan. Confirmation of the Recapitalization Plan was fully consensual: the only class of creditors entitled to vote overwhelmingly voted in favor of the Recapitalization Plan and not party objected to confirmation of the Recapitalization Plan. Under the confirmed Recapitalization Plan, subject to the conditions set forth in the recapitalization agreement and the restructuring and support agreement. Maxcom completed a recapitalization and debt restructuring on September 30, 2013.

**Shareholders can vote for all of the proposed nominees for directors of the Company, vote for some of the proposed nominees and withhold for others, or withhold from voting for all or any of the proposed nominees. Unless the Shareholder directs that his or her shares be otherwise voted or withheld from voting in connection with the election of directors, the persons named in the enclosed Proxy will vote FOR the election of the four nominees whose names are set forth above.**

#### **4. Appointment of Auditors**

At the Meeting, Shareholders will be asked to vote for the appointment of Deloitte LLP, Chartered Accountants, to serve as auditor of the Company for the ensuing year, and to authorize the directors for fix the auditor’s remuneration.

Effective June 25, 2015, the Company accepted the resignation of PricewaterhouseCoopers LLP, Chartered Accountants, as the auditor of the Corporation and appointed Deloitte LLP as the new auditor of the Company.

As required pursuant to NI 51-102, a copy of the complete reporting package, including the Company’s Notice of Change of Auditor dated June 25, 2015 and letters of acknowledgement from each of PricewaterhouseCoopers LLP and Deloitte LLP, dated July 3, 2015, was filed on SEDAR and are attached to this Information Circular as Schedule “A”. There have been no reportable disagreements between the Company and PricewaterhouseCoopers LLP and no qualified opinion or denial of opinion by PricewaterhouseCoopers LLP within the meaning of NI 51-102.

**Unless the Shareholder directs that his or her Common Shares are to be withheld from voting in connection with the appointment of auditors, the persons named in the enclosed form of proxy intend to vote FOR the appointment of Deloitte LLP, to serve as auditors of the Company for the ensuing year and to authorize the Board to fix their remuneration.**

#### **OTHER MATTERS WHICH MAY COME BEFORE THE MEETING**

Management is not aware of any other matter to come before the Meeting other than as set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matter.

Pursuant to the Canada *Business Corporations Act* (the “**CBCA**”), proposals to be presented by Shareholders for action at the Company’s 2017 annual general meeting of shareholders must comply with the provisions of the CBCA and be deposited at the Company’s head office by no later than March 28, 2017 in order to be included in the information circular and form of proxy relating to such meeting.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Instrument 58-201 – *Corporate Governance Guidelines* (“**NI 58-201**”) establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. NI 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

### Board of Directors

The Board is currently comprised of four directors and it is proposed that four directors will be nominated at the Meeting.

NI 58-201 recommends that the board of directors of every listed company should consist of a majority of individuals who qualify as "independent" directors under National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”), which provides that a director is independent if he or she has no direct or indirect “material relationship” with the company. “Material relationship” is defined as a relationship which could, in the view of the company’s board of directors, be reasonably expected to interfere with the exercise of a director’s independent judgment.

Kevin Drover, is considered “not independent”, as he is the President and CEO of the Company. Each of the remaining three nominated directors is considered by the Board to be “independent”, within the meaning of NI 52-110. In making the foregoing determinations, the circumstances of each director have been examined by the Board in relation to a number of factors.

The Board facilitates its exercise of independent supervision over management through the independent directors on the Board. The independent directors may hold meetings at which non-independent directors and members of management are not in attendance in conjunction with meetings of the Board.

The following chart illustrates the number of meetings of the Board and each committee, and the director’s attendance during fiscal 2015, with each director’s attendance shown relative to the number of meetings in which he was eligible to participate in:

| Director                       | Board Meeting | Committees |                                                    |
|--------------------------------|---------------|------------|----------------------------------------------------|
|                                |               | Audit      | Compensation and Corporate Governance Compensation |
| Adrian Aguirre                 | 11/11         | 5/5        | 2/2                                                |
| Kevin Drover                   | 11/11         | N/A        | 2/2                                                |
| Jerry Blackwell <sup>(1)</sup> | 11/11         | 1/1        | N/A                                                |
| José Manuel Bórquez            | 11/11         | 5/5        | N/A                                                |

(1) Mr. Blackwell joined the Audit Committee as of October 14, 2015.

### Mandate of the Board of Directors

The Board has responsibility for the stewardship of the Company. That stewardship includes responsibility for strategic planning, identification of the principal risks of the Company’s business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Company’s internal control and management information systems.

### Directorships

The current directors are directors of other reporting issuers as follows:

| Name of Director | Name of Other Reporting Issuer                      |
|------------------|-----------------------------------------------------|
| Kevin Drover     | Aquila Resources Inc.<br>Thompson Creek Metals Inc. |
| Jerry Blackwell  | Gitennes Exploration Inc.                           |

### **Orientation and Continuing Education**

The Board does not have a formal orientation and education program for new directors. Upon joining the Board, each director is provided with an orientation package regarding the role of the Board, its committees and its directors, and the nature and operation of the Company's current and past business. They are also provided with a copy of the Audit Committee Charter, Corporate Governance and Compensation Committee Charter and Code of Business Conduct. The Board encourages directors to participate in continuing education opportunities in order to ensure that the directors may maintain or enhance their skills and abilities as directors, and maintain a current and thorough understanding of the Company's business.

### **Ethical Business Conduct**

Corporate governance is the structure and process used to direct and manage the business and affairs of a corporation with the objective of enhancing shareholder value. The Board believes that the Company has in place corporate governance practices that are both effective and appropriate to the Company's size and business operations.

To facilitate meeting this responsibility, the Board seeks to foster and maintain a culture of ethical business conduct and social responsibility as critically important. Management consistently strives to instill the Company's principles into the practices and actions of the Management and the Company's employees.

In that regard, the Board adopted a written Code of Business Conduct (the "**Code**") for its directors, officers, employees and consultants that is reviewed and signed annually. A copy of the Code can be found on the Company's website at [www.aurcana.com](http://www.aurcana.com) and has been posted on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Nomination of Directors**

The Board considers its size from time to time and annually when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience. The Board does not have a nominating committee; these functions are currently performed by the Compensation and Corporate Governance Committee. Additionally, each member of the Board, together with the assistance of executive management, assists with identifying new candidates through various means, including representatives of the mineral exploration industry.

New nominees are expected to have a track record in general business management, special expertise in areas of strategic interest to the Company and the ability to devote the time required.

If the Board determines that a candidate seems promising, the Board will conduct due diligence on the candidate and if the results are satisfactory, the candidate is interviewed and may be invited to join the Board.

### **Compensation**

The Board has established a Compensation and Corporate Governance Committee, presently comprised of Adrian Aguirre and Kevin Drover. Mr. Aguirre is independent within the meaning of NI 52-110. The CCG Committee recommends to the Board the compensation of the Company's directors and officers, including stock options, among other things, and has adopted a CCG Committee charter. See "*Statement of Executive Compensation*" for further details.

The Board is of the view that the members of the CCG Committee collectively have the knowledge, skills, experience and background to make decisions on the suitability of the Company's compensation policies and practices. A description of such skills and experience for Mr. Aquirre is set out in this Circular under the heading "*Audit Committee- Relevant Education and Experience*" and such skills and experience for Mr. Drover, is set out below.

Kevin Drover, President and CEO of the Company, is currently the Chairman of Avron Mining Corp. Mr. Drover has more than 40 years of both domestic and international experience in operations, project development, management and process re-engineering, with both developing and producing companies. Mr. Drover was the Chief Operating Officer of Glencairn Gold Corporation, responsible for two gold mining operations located in Latin America. Prior to joining Glencairn, he was the Vice President of Operations for Kinross Gold Corporation, overseeing six operating mines located in various parts of the World. He has considerable experience in turning around challenging projects and has worked in operations located in Canada, Russia, Peru, Nicaragua, Costa Rica and the USA. During his career, Mr. Drover also worked for Black Hawk Mining, Lac Minerals, BP Canada Resources, Noranda Mining, Dome Mines and The Iron Ore Company of Canada.

### **Other Board Committees**

#### *Technical, Environmental, Health and Safety Committee*

The Company is committed to maintain sound environmental practices in all of its activities and to continuously improve the efficient use of resources, processes and materials. The Technical, Environmental, Health and Safety Committee is responsible to ensure that the Company's operations implement operational and risk management practices that provide for maximum protection of people and the environment. As of the date of this Information Circular, the Technical, Environmental, Health and Safety Committee is comprised of Jerry Blackwell, Chair, Kevin Drover, and Andreas Gonzales, General Manager at the La Negra Mine.

Other than the Audit Committee the CCG Committee and Technical, Environmental, Health and Safety Committee, the Company does not have any other committees.

#### *Compensation and Corporate Governance Committee*

The CCG Committee is also responsible for reviewing and assessing the effectiveness of the Board; making recommendations regarding the composition and the appropriate size of the Board; reviewing the corporate governance policies and practices of the Company generally and making recommendations thereon to the Board, including overseeing and making recommendations to the Board on developing the approach of the Company to corporate governance issues and practices and formulating the response of the Company to the corporate governance guidelines and disclosure requirements. See "*Statement of Corporate Governance Practices – Compensation*" and "*Statement of Executive Compensation – Compensation Discussion and Analysis*" for further details.

### **Assessments**

The CCGC is also responsible for reviewing and assessing the effectiveness of the Board; making recommendations regarding the composition and the appropriate size of the Board; reviewing the corporate governance policies and practices of the Company generally and making recommendations thereon to the Board, including overseeing and making recommendations to the Board on developing the approach of the Company to corporate governance issues and practices and formulating the response of the Company to the corporate governance guidelines and disclosure requirements.

## **AUDIT COMMITTEE**

NI 52-110 requires the Company's Audit Committee to meet certain requirements. It also requires the Company to disclose in this Circular certain information regarding the Audit Committee as described herein.

### Overview

The overall purpose of the Audit Committee of the Company is to ensure that management has designed and implemented an effective system of internal financial controls, to review and report on integrity of the consolidated

financial statements of the Company and to review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts.

#### Audit Committee Charter

The Board adopted a Charter for the Audit Committee, which sets out the Committee's mandate, organization, powers and responsibilities. The complete charter is attached as Schedule "B" to this Circular.

#### Composition of the Audit Committee

The Company's Audit Committee is currently comprised of three directors, Adrian Aguirre, Chairman, Jerry Blackwell and José Manuel Bórquez. Each member of the Audit Committee is financially literate, as such term is defined in NI 52-110, and all three of the members are independent, as such term is defined in NI 52-110.

#### Relevant Education and Experience

**Adrian Aguirre, Chair**, is a Certified Professional Accountant and has many business interests including acting as a Board member of 4 Play Telecom, SA de CV, and until September, 2013, Vice Chairman of Maxcom Telecomunicaciones, a NYSE listed provider of telecommunications in Mexico. Previously Mr. Aguirre was Chief Executive Officer of Grupo Radio Centro, a NYSE company, and Mexico's leading radio broadcaster.

**Jerry Blackwell** is a professional geologist has worked in the mining exploration industry for over 40 years. He served as President of Gitenes Exploration Inc. from 1993 until February 2012. Mr. Blackwell is a self-employed consulting geologist, and has been a consultant to a variety of Canadian exploration companies and multinational miners. Previously, he was a project geologist with Cominco Ltd.

**José Manuel Bórquez** is a mining attorney who has worked in the natural resources sector for 25 years with a particular emphasis on Latin America, based out of Santiago, Chile. He has worked for Placer Dome, Xtrata, Codelco, among other companies, either in-house or as a consultant. His experience has been across the broad spectrum of the precious and base metals sectors from exploration to reclamation.

As a result of their respective business experience, each member of the Audit Committee (i) has an understanding of the accounting principles used by the Company to prepare its financial statements, (ii) has the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions, (iii) has experience in analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to those that can reasonably be expected to be raised by the Company's financial statements, and (iv) has an understanding of internal controls and procedures for financial reporting.

#### Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year did the Board decline to adopt a recommendation of the Audit Committee, or to nominate/compensate an external auditor.

#### Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), the exemptions in Subsection 6.1.1(4) (Circumstance Affecting the Business or Operations of the Venture Issuer), Subsection 6.1.1(5) (Events Outside Control of Member), Subsection 6.1.1(6) (Death, Incapacity or Resignation) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

#### Pre-Approval Policies and Procedures

As at the date of this Circular, the Audit Committee has not adopted any specific policies or procedures for the engagement for non-audit services.

## External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors from the last two fiscal years are as follows:

| Financial Year Ending | Audit Fees | Audit Related Fees <sup>(1)</sup> | Tax Fees <sup>(2)</sup> | All Other Fees <sup>(3)</sup> |
|-----------------------|------------|-----------------------------------|-------------------------|-------------------------------|
| December 31, 2015     | \$225,000  | Nil                               | \$18,700                | \$10,000                      |
| December 31, 2014     | 348,116    | Nil                               | \$22,575                | \$61,000                      |

(1) Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".

(2) Fees charged for tax compliance, tax advice and tax planning services.

(3) These fees relate to reviewing and commenting on the quarterly interim unaudited financial statements.

## Exemption for Venture Issuers

The Company is a "venture issuer" as defined in NI 52-110 and is relying on the exemption contained in Section 6.1 of NI 52-110, which exempts the Company from the requirements of Part 5 (Reporting Obligations) of NI 52-110.

## STATEMENT OF EXECUTIVE COMPENSATION

The following Statement of Executive Compensation is prepared in accordance with National Instrument Form 51-102F6. The purpose of this Statement of Executive Compensation is to provide disclosure of all compensation earned by directors and certain executive officers in connection with their position as a director or officer of, or consultant to, the Company.

### Named Executive Officers

For the purpose of this Circular, a Named Executive Officer ("NEO") of the Company means each of the following individuals:

- the CEO of the Company;
- the CFO of the Company;
- each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6, for that financial year; and
- each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year.

For the financial year ended December 31, 2015, the Company had two NEOs being Kevin Drover, President and CEO, and Salvador Huerta, CFO.

### Compensation Discussion and Analysis

The CCG Committee, on behalf of the Board, establishes and administers policies with respect to the compensation of the Company's CEO and executive officers ("Executive Officers"). The CCG Committee is responsible to review and approve the corporate goals and objectives relevant to the compensation of the CEO and for evaluating the performance of the CEO in light of these goals and objectives. The CCG Committee recommends to the Board the compensation for the CEO based on such evaluations. The CCG Committee reviews annually the objectives set by the CEO for Executive Officers and with the assistance of the CEO, monitors the performance of the Company's Executive Officers. The CCG Committee is also responsible for making recommendations to the Board with respect to incentive stock options.

### *Objectives of the Compensation Program*

The primary objective of the Company's executive compensation program is to attract, motivate and retain top quality individuals at the executive level. The program is designed to ensure that the compensation provided to the Company's Executive Officers is determined with regard to the Company's business strategy and objectives, such that the financial interests of the Executive Officers are matched with the financial interests of the Shareholders.

### *Elements of Compensation*

A combination of fixed and variable compensation is used to motivate executives to achieve overall company goals.

The three basic components of the executive compensation program are:

- Base salary: designed to provide income certainty and to attract and retain executives;
- Annual bonus: intended to reward each Executive Officer for their yearly individual contribution and performance of personal objectives in the context of overall annual corporate performance. The bonus is designed to motivate executives annually to achieve their predetermined objectives; and
- Stock options: Granted time to time as a form of long-term incentive compensation, to align executives' interests with those of the Shareholders and to attract and retain executives. Participants benefit only if the market value of the Company's common shares at the time of the stock option exercise is greater than the exercise price of the stock options at the time of grant.

The compensation program also includes severance and change of control benefits.

### *Benchmarking*

In establishing salaries and incentive compensation for the Executive Officers consideration is given to salary ranges for comparable positions in similar size companies. Data for such comparisons is obtained from the evaluation of compensation against industry peers including those with a similar market capitalization, in the business of exploring similar minerals in similar jurisdictions, and from reviewing similar other companies compensation information included in their information circulars.

In 2012, the CCG Committee engaged Lane Caputo Compensation Inc. ("**Lane Caputo**"), an independent consulting firm specializing in executive and board of director compensation. Lane Caputo worked with the CCG Committee to review executive compensations and to make the appropriate recommendations to the Company using their comparative compensation analysis of comparable industry peer groups.

For the year ended December 31, 2015, the CCG Committee continued to structure executive compensation based on Lane Caputo's compensation analysis. The benchmark compensation was based against a group of relevant peer companies which are comparable to the Company in terms of size, annual revenues, and minerals resources and production volumes. In order to benchmark the compensation competitiveness of the Company's executives and directors and adhere to the CCG Committee's desire to include only producing silver companies to the greatest extent possible the following group of companies (the "**Peer Group**") were chosen, having operations in the USA, Mexico and other Latin American jurisdictions.

The industry Peer Group established in 2012 by Lane Caputo comprised of the following companies:

|                             |                                |                           |
|-----------------------------|--------------------------------|---------------------------|
| Alexco Resource Corp.       | Primero Mining Corp.           | Fortuna Silver Mines Inc. |
| Dia Bras Exploration Inc.   | Revett Minerals Inc.           | Great Panther Silver Ltd. |
| Endeavour Silver Corp.      | Silver Standard Resources Inc. | Jaguar Mining Inc.        |
| Excellon Resources Inc.     | Scorpio Mining Corp.           | Silvermex Resources Inc.  |
| First Majestic Silver Corp. | SilverCrest Mines Inc.         |                           |

The CCG Committee compared the Company's executive positions against the Peer Group for the following elements of compensation:

- Salary;
- Target bonus;
- Total cash compensation;
- Equity participation; and
- Total direct compensation.

In setting salaries within competitive ranges, the CCG Committee considers performance related factors including the Company's overall results during the past year and its performance relative to a budgeted plan or stated objectives. Consideration also is given to an individual's contribution to the Company and the accomplishments of departments for which that officer has management responsibility, and the potential for future contributions to the Company.

The Company has implemented a health plan benefits for its employees ("**Benefits Plan**"), but does not have pension plan benefits or retirement benefits. Those Executive Officers retained under consulting agreements are not included in the Benefits Plan. There were no identified risks arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company. The Company maintains an insurance policy for its directors and officers against liability incurred by them while performing their duties, subject to certain limitations.

#### *Company and CEO Objectives*

The Company's corporate objectives and CEO objectives for fiscal 2015 consisted of: 1) the successful execution of a business operation plan and operating budget; 2) successful execution of an exploration program at the Company's La Negra mine to add to the Company's resource phase; 3) ongoing organization strengthening in regards to finance, operations, exploration and investor relations; 4) ongoing review and analysis of potential companies or resources to add significant shareholder value; and 5) ensuring Company policies related to safety, environment and human resources are successfully executed.

Based on the Company's performance in fiscal 2015, no bonuses were paid to senior management.

#### *Risk of Compensation Practices and Disclosure*

Although the Company does not have formal policies specifically targeting risk-taking in a compensation context, the practice of the CCG Committee and the Board is to consider all factors relating to an executive officer's performance, including any risk mitigation efforts or excessive risk-taking, in determining compensation.

#### *Hedging Policy*

Under the Company's policies, NEO's and directors are not permitted to purchase financial instruments (including prepaid variable contracts, equity swaps, collars or units of exchange funds) that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held directly or indirectly by the NEO or director.

## Summary Compensation Table

The following table is a summary of compensation paid to the NEOs for the Company's three financial years ended December 31, 2015, 2014 and 2013:

| Name and Principal Position       | Year Dec 31 | Salary (\$) <sup>(1)</sup> | Share Based Awards (\$) | Option Based Awards (\$) | Non-equity incentive plan compensation |                           | Pension Value (\$) | All other Compensation (\$) | Total Compensation (\$) |
|-----------------------------------|-------------|----------------------------|-------------------------|--------------------------|----------------------------------------|---------------------------|--------------------|-----------------------------|-------------------------|
|                                   |             |                            |                         |                          | Annual Incentive Plans                 | Long-Term Incentive Plans |                    |                             |                         |
| Kevin Drover<br>President and CEO | 2015        | 360,000                    | Nil                     | Nil                      | Nil                                    | Nil                       | Nil                | Nil                         | 360,000                 |
|                                   | 2014        | 172,500                    | Nil                     | Nil                      | Nil                                    | Nil                       | Nil                | 22,400                      | 194,900                 |
|                                   | 2013        | N/A                        | N/A                     | N/A                      | N/A                                    | N/A                       | N/A                | 7,000                       | 7,000                   |
| Salvador Huerta<br>CFO            | 2015        | 240,000                    | Nil                     | Nil                      | Nil                                    | Nil                       | Nil                | 12,000                      | 252,000                 |
|                                   | 2014        | 240,000                    | Nil                     | Nil                      | Nil                                    | Nil                       | Nil                | Nil                         | 240,000                 |
|                                   | 2013        | 240,000                    | Nil                     | (2) 121,315              | Nil                                    | Nil                       | Nil                | Nil                         | 361,315                 |

(1) These amounts include employee salaries or consulting fees (See Employment Agreements/Termination and Change of Control Benefits for further details).

(2) Option-based award amounts do not represent cash remuneration or gains on the potential shares represented by the options. The fair value of option-based awards was determined by the Black-Scholes Option Pricing Model, which was selected because such model is the option pricing model most commonly used by junior public companies, with the following assumptions at the time of grant February 28, 2013: risk-free interest rates 1.25%, zero dividend yields, volatility of 80.89% and expected life of 5 years. No options were granted during fiscal 2014.

### Narrative Discussion

For a summary of the significant terms of each NEO's employment agreement or arrangement, please see below under the heading "Termination and Change of Control Benefits".

### Incentive Plan Awards

#### Outstanding Share-Based Awards and Option-Based Awards

The following table discloses the particulars of all awards for each NEO outstanding at the financial year ended December 31, 2015, including awards granted to the NEO's in prior years:

| Name            | Option-Based Awards                                     |                            |                        |                                                | Share-based Awards                                           |                                                                        |                                                                               |
|-----------------|---------------------------------------------------------|----------------------------|------------------------|------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------------------|
|                 | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) | Market or payout value of share-based awards not paid out or distributed (\$) |
| Kevin Drover    | Nil                                                     | N/A                        | N/A                    | N/A                                            | N/A                                                          | N/A                                                                    | N/A                                                                           |
| Salvador Huerta | 43,750                                                  | 6.08                       | Feb 22, 2016           | Nil                                            | Nil                                                          | Nil                                                                    | Nil                                                                           |
|                 | 75,000                                                  | 5.52                       | May 30, 2016           | Nil                                            | Nil                                                          | Nil                                                                    | Nil                                                                           |
|                 | 50,000                                                  | 8.16                       | Jun 11, 2017           | Nil                                            | Nil                                                          | Nil                                                                    | Nil                                                                           |
|                 | 31,250                                                  | 6.32                       | Feb 28, 2018           | Nil                                            | Nil                                                          | Nil                                                                    | Nil                                                                           |

#### Incentive Plan Awards – Value Vested or Earned During the Year

The following table summarizes the value of each incentive plan award vested or earned by each NEO

outstanding at the financial year ended December 31, 2015:

| Name            | Option-based awards – Value vested during the year (\$) | Share-based awards – Value vested during the year (\$) | Non-equity incentive plan compensation – Value earned during the year (\$) |
|-----------------|---------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------------------------|
| Kevin Drover    | N/A                                                     | N/A                                                    | N/A                                                                        |
| Salvador Huerta | Nil                                                     | Nil                                                    | Nil                                                                        |

#### *Narrative Discussion*

For a summary of the material provisions of the Company’s fixed stock option plan (the “Option Plan”), pursuant to which all option-based awards are granted to NEOs, please see below under the heading “*Securities Authorized for Issuance under Equity Compensation Plans – Summary of Stock Option Plan*”. As at April 30, 2013, all of the Company’s outstanding Common Shares reserved for issuance under the Company’s Option Plan were consolidated on an eight for one basis (“Consolidation Ratio”), and the exercise or conversion price of outstanding stock options proportionately adjusted by the Consolidation Ratio. There was no re-pricing of stock options under the Option Plan during the Company’s most recently completed financial year ended December 31, 2015.

#### **Pension Plan Benefits**

The Company has no pension plans that provide for payments or benefits to any NEO at, following or in connection with retirement. The Company also does not have any deferred compensation plans relating to any NEO.

#### **Termination and Change of Control Benefits**

The Company has employment agreements or consulting agreements which include change of control provisions as described below. The change of control provisions recognize the critical nature of these positions and the individuals involved and the requirement to protect the individuals from disruption to their employment in the event of a change of control of the Company. The change of control provisions are designed to treat the individuals in a manner consistent with industry standards for executives in similar positions. The following outlines any agreement which contains a change of control provision or termination clause other than a 30 or 60 day notice of termination for the NEOs.

##### *Kevin Drover, President and CEO*

Effective July 9, 2014 the Company entered into an employment letter agreement retaining Mr. Drover as President and CEO at an annual salary of \$360,000. Mr. Drover’s employment letter agreement does not include any termination or change of control provisions.

##### *Salvador Huerta, CFO*

On February 1, 2011, the Company entered into an employment agreement with Salvador Huerta, (“**Employment Agreement**”) providing for annual compensation of \$240,000 (“**Salary**”).

Under the terms of the Employment Agreement, if the Company terminates Mr. Huerta’s engagement without cause, Mr. Huerta is entitled to receive an amount equal to two years’ Salary. If within 90 days of a change of control of the Company (“**Change of Control**”), the Employment Agreement is terminated by the Company then Mr. Huerta will receive an amount equal to two times the annual Salary as a lump sum payment to be made by the Company within 30 days of the date of Mr. Huerta’s termination. Mr. Huerta may resign within 90 days following a Change in Control, for any reason or no reason. If Mr. Huerta resigns, he will receive an amount equal to two times the annual Salary as a lump sum payment to be made by the Company within 30 days of Mr. Huerta’s resignation. If Mr. Huerta is terminated or resigns in accordance with the above, the Company will engage Mr. Huerta as a consultant for a period of one year to provide advisory services to the Company on an if, as and when required basis at daily compensation rates to be determined based on Mr. Huerta’s annual Salary prior to termination or resignation with the intended result that Mr. Huerta’s expertise will remain available to the

Company and any stock options held by Mr. Huerta will, unless otherwise exercised or terminated, continue for such one year period.

If a change of control of the Company had occurred on December 31, 2015, the total cost to the Company of related payments to the NEOs as described herein above is estimated at \$480,000. Estimated payments to individual NEOs are as described below assuming mentioned events had occurred on December 31, 2015:

| <b>Name</b>                     | <b>Amount at<br/>December 31, 2015</b> |
|---------------------------------|----------------------------------------|
| Kevin Drover, President and CEO | N/A                                    |
| Salvador Huerta, CFO            | \$480,000                              |

### **Director Compensation**

During the year ended December 31, 2015, the Company paid directors' fees for non-executive directors as follows:

1. Each independent director received an annual fee of \$30,000, based on a quarterly payment of \$7,500 per quarter;
2. Each independent director received \$1,000 per meeting attended;
3. The Chair of the Audit Committee received an additional annual fee of \$10,000, paid quarterly;
4. The Chair of the Corporate Governance and Compensation Committee received an additional annual fee of \$5,000, paid quarterly.
5. The Chair of the Technical, Environmental, Health and Safety Committee received an additional annual fee of \$10,000, paid quarterly and;
6. The Chairman of the Board received an annual fee of \$60,000

Subsequent to the year ended December 31, 2015, the cash directors' fees were ceased in order to reduce corporate costs and conserve working capital, effective March 31, 2016.

### **Directors Compensation Table**

The following table sets forth the details of compensation provided to the directors, other than the NEOs during the Company's fiscal year ended December 31, 2015:

| <b>Name</b>                     | <b>Fees<br/>Earned<br/>(\$)</b> | <b>Option-based<br/>Awards<br/>(\$)</b> | <b>All Other<br/>Compensation<br/>(\$)</b> | <b>Total<br/>(\$)</b> |
|---------------------------------|---------------------------------|-----------------------------------------|--------------------------------------------|-----------------------|
| Robert J. Tweedy <sup>(1)</sup> | \$89,770                        | Nil                                     | Nil                                        | Nil                   |
| Adrian Aguirre                  | \$59,000                        | Nil                                     | Nil                                        | Nil                   |
| Jerry Blackwell                 | \$52,500                        | Nil                                     | Nil                                        | Nil                   |
| José Manuel Bórquez             | \$46,000                        | Nil                                     | Nil                                        | Nil                   |

(1) Mr. Tweedy resigned as Chairman of the Board and Director on October 14, 2015.

Other than the director fees, incentive stock options and reimbursement for reasonable expenditures incurred in performing their duties as directors, the Company has no other arrangements, standard or otherwise, pursuant to which directors are compensated by the Company or its subsidiaries for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Circular.

### Outstanding Share-Based and Option-Based Awards

The following table sets forth the outstanding share-based awards and option-based awards held by the directors, other than the NEO's for the financial year ended December 31, 2015:

| Name                | Option-Based Awards                                     |                            |                        |                                                | Share-based Awards                                           |                                                                        |                                                                               |
|---------------------|---------------------------------------------------------|----------------------------|------------------------|------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------------------|
|                     | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) | Market or payout value of share-based awards not paid out or distributed (\$) |
| Adrian Aguirre      | 125,000                                                 | 6.08                       | Feb 22, 2016           | Nil                                            | Nil                                                          | Nil                                                                    | Nil                                                                           |
|                     | 200,000                                                 | 5.52                       | May 30, 2016           | Nil                                            | Nil                                                          | Nil                                                                    | Nil                                                                           |
|                     | 37,500                                                  | 8.16                       | Jun 11, 2017           | Nil                                            | Nil                                                          | Nil                                                                    | Nil                                                                           |
|                     | 37,500                                                  | 6.32                       | Feb 28, 2018           | Nil                                            | Nil                                                          | Nil                                                                    | Nil                                                                           |
| Jerry Blackwell     | 31,250                                                  | 6.08                       | Feb 22, 2016           | Nil                                            | Nil                                                          | Nil                                                                    | Nil                                                                           |
| José Manuel Börquez | Nil                                                     | Nil                        | Nil                    | Nil                                            | Nil                                                          | Nil                                                                    | Nil                                                                           |

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table summarizes the value of each incentive plan award vested or earned by the directors, other than the NEO's outstanding at the financial year ended December 31, 2015:

| Name                | Option-based awards – Value vested during the year (\$) | Share-based awards – Value vested during the year (\$) | Non-equity incentive plan compensation – Value earned during the year (\$) |
|---------------------|---------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------------------------|
| Adrian Aguirre      | Nil                                                     | Nil                                                    | Nil                                                                        |
| Jerry Blackwell     | Nil                                                     | Nil                                                    | Nil                                                                        |
| José Manuel Börquez | Nil                                                     | Nil                                                    | Nil                                                                        |

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information regarding compensation plans under which securities of the Company are authorized for issuance in effect as of the end of the Company most recently completed financial year ended December 31, 2015:

| Plan Category                                              | Number of securities to be issued upon exercise of outstanding options (a) | Weighted-average exercise price of outstanding options (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) |
|------------------------------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| Equity compensation plans approved by security holders     | 1,384,375                                                                  | \$6.24                                                     | 6,995,477                                                                                                                                   |
| Equity compensation plans not approved by security holders | Nil                                                                        | Nil                                                        | Nil                                                                                                                                         |
| <b>Total</b>                                               | 1,384,375                                                                  | \$6.24                                                     | 6,995,477                                                                                                                                   |

## **Summary of Stock Option Plan**

As at April 30, 2013, all of the Company's outstanding Common Shares reserved for issuance under the Company's Option Plan were consolidated on the Consolidation Ratio of eight for one, and the exercise or conversion price proportionately adjusted by the Consolidation Ratio.

The Company's Option Plan was approved by the Directors on June 29, 2011, and the TSX Venture Exchange (the "Exchange") on August 9, 2011. The maximum aggregate number of Common Shares that may be reserved for issuance under the Option Plan was 4,337,350 post-consolidated Common Shares of the Company. As at June 29, 2011, 3,701,562 outstanding post-consolidated Options were granted prior to the implementation of this Option Plan and were grandfathered under this Option Plan.

On May 31, 2012, the Exchange approved the Company's amended Option Plan whereby the Company increased the number of Common Shares reserved for issuance under the Option Plan from 4,337,350 post-consolidated Common Shares to 5,608,997 post-consolidated Common Shares, which represented approximately 9.98% of the issued and outstanding Common Shares at that time.

On August 25, 2014 the Exchange approved the Company's amended Option Plan whereby the Company increased the number of Common Shares reserved for issuance under the Option Plan from 5,608,997 post-consolidated Common Shares to 8,379,852, which represented approximately 9.98% of the issued and outstanding Common Shares at that time.

In September, 2013, the Exchange approved an amendment to the Option Plan, whereby the Company amended the Option Plan to include a blackout period provision. If the expiry date of an option occurs during a blackout period applicable to the relevant optionee, then the expiration date for that option shall be the date is the tenth business day after the expiry of the blackout period.

If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Common Shares in respect of such expired or terminated Option shall again be available for the purposes of granting Options pursuant to this Option Plan. If any Option is exercised, the number of Optioned Shares in respect of such exercise shall not again be available for the purposes of granting Options pursuant to this Option Plan.

The Options are not assignable and may be exercised on a cumulative basis over a maximum period of five years from the date they are granted. At the CCG Committee's discretion (unless required by Exchange policies) vesting terms of 25% on the day of the grant; an additional 25% per quarter thereafter maybe be imposed. The exercise price is the closing price of the Common Shares on the Exchange on the last trading day prior to the grant of the option. The Board may determine the number of Common Shares that may be reserved for issuance under the Plan provided that this number does not exceed 10% of the number of issued and outstanding Common Shares. A copy of the Option Plan will be available at the Meeting or a copy may be requested by contacting the Company. See "Additional Information".

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the directors, executive officers, and employees, proposed nominees for election as directors or their associates has been indebted to the Company or to any of its subsidiaries.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No director, officer or proposed nominee for election as a director and no associate or affiliate of any insider or nominee has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's last completed financial year, or in any proposed transaction, which in either such case has materially affected or will materially affect the Company.

## **MANAGEMENT CONTRACTS**

No management functions of the Company or any of its subsidiaries are performed to any substantial degree by a person other than the directors or executive officers of the Company or subsidiaries, except as disclosed herein.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may also contact the Company at 850 -780 West Pender Street, Vancouver, British Columbia, V6C 1H2.

Financial information is provided in the Company's comparative financial statements and Management's Discussion & Analysis for its most recently completed financial year ended December 31, 2015, which are filed on SEDAR.

### **BOARD APPROVAL**

The Board has approved the content and distribution of this Management Information Circular.

**DATED** at Vancouver, British Columbia, this 23<sup>rd</sup> day of May, 2016.

BY ORDER OF THE BOARD OF AURCANA CORPORATION

"Kevin Drover"

**Kevin Drover**  
President and CEO

**SCHEDULE “A”**

**AURCANA CORPORATION**  
(the “Company”)

**NOTICE OF CHANGE OF AUDITOR OF A REPORTING ISSUER  
GIVEN PURSUANT TO NATIONAL INSTRUMENT 51-102 – CONTINUOUS DISCLOSURE  
OBLIGATIONS (“NI 51-102”)**

TO: British Columbia Securities Commission  
Alberta Securities Commission  
Ontario Securities Commission  
TSX Venture Exchange

**NOTICE IS HEREBY GIVEN** that:

- (a) PricewaterhouseCoopers LLP, Chartered Accountants, of Vancouver, British Columbia, has at the Company’s request resigned as auditor of the Company effective June 25, 2015, and the Company has appointed Deloitte LLP, Chartered Accountants, of Vancouver, British Columbia, as auditor for the Company in their place, to hold office for the ensuing year, effective June 25, 2015.
- (b) The resignation of PricewaterhouseCoopers LLP, Chartered Accountants as the former auditor of the Company and the appointment of Deloitte LLP, Chartered Accountants, to the position of auditor has been approved by the audit committee and the board of directors of the Company.
- (c) There have been no reservations in the auditors’ reports for the Company’s two most recently completed fiscal years ended December 31, 2014 and December 31, 2013 and the subsequent interim period through the date of resignation, nor have there been any “reportable events” as defined in NI 51-102 for such periods.

**DATED** at Vancouver, British Columbia, this 25<sup>th</sup> day of June, 2015.

By Order of the Board of Directors of  
**AURCANA CORPORATION**

“Salvador Huerta”  
**Salvador Huerta,**  
Chief Financial Officer



Deloitte LLP  
2800 - 1055 Dunsmuir Street  
4 Bentall Centre  
P.O. Box 49279  
Vancouver BC V7X 1P4  
Canada

Tel: 604.669.4466  
Fax: 778.374.0496  
www.deloitte.ca

July 3, 2015

British Columbia Securities Commission  
Alberta Securities Commission  
Ontario Securities Commission  
TSX Venture Exchange

Dear Sirs:

Re: Aurcana Corporation (the "Company")  
Notice Pursuant to NI 51-102 – Change of Auditor

As required by subparagraph (5)(a)(ii) of section 4.11 of National Instrument 51-102, we have reviewed the Company's Notice of Change of Auditor (the "Notice") dated June 25, 2015 and based on our knowledge of such information at this time, we confirm that we agree with the statements contained in the Notice in as far as they relate to us

Yours truly,

A handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, stylized font.

Chartered Accountants



July 03, 2015

Aurcana Corporation  
Suite 250 – 1090 West Georgia Street  
Vancouver, BC V6E 3V7

Attention: Chairman of the Board of Directors

Enclosed is our response to the change of auditor notice dated June 25, 2015 in accordance with National Instrument 51-102. We understand that this letter will be reviewed and approved by the Board of Directors and filed with the applicable securities regulatory authorities

Yours very truly,

*PricewaterhouseCoopers LLP*  
**Chartered Professional Accountants**

Encl.

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*PricewaterhouseCoopers LLP*  
*PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6C 3S7*  
*T: +1 604 806 7000, F: +1 604 806 7806, [www.pwc.com/ca](http://www.pwc.com/ca)*

\*PwC\* refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

## AURCANA CORPORATION

### AUDIT COMMITTEE CHARTER

#### **A. Mandate**

The primary function of the audit committee (the "Committee") is to assist the Board of Directors of Aurcana Corporation (the "Company") in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels.

The Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements;
- review and appraise the performance of the Company's external auditors; and
- provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

#### **B. Composition**

The Committee shall be comprised of three or more directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting or such other times as shall be determined by the Board of Directors and shall serve until the next such meeting or until their successors should be duly elected and qualified.

Any member of the Committee may be removed or replaced at any time by the Board of Directors and shall cease to be a member of the Committee as soon as such member ceases to be a director. Subject to the foregoing, each member of the Committee shall hold such office until the next annual meeting of shareholders after his or her election as a member of the Committee.

The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board of Directors may from time to time determine.

#### **C. Meetings**

Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

The Committee shall meet as many times as is necessary to carry out its responsibilities, but in no event will the Committee meet less than four times a year. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Executive Officer and the external auditors in separate sessions to discuss any matters that the Committee or each of these parties believe should be discussed privately.

The Committee may invite to, or require the attendance at, any meeting of the Committee, such officers and employees of the Company, legal counsel or other persons as it deems necessary in order to perform its duties and responsibilities.

#### **D. Responsibilities and Duties**

To fulfill its responsibilities and duties, the Committee shall:

##### **Documents/Reports Review**

- Review and recommend for approval to the Board of Directors any revisions or updates to this Charter, at least annually, as conditions dictate.
- Satisfy itself, on behalf of the Board of Directors that the Company's unaudited quarterly financial statements and the annual audited financial statements, are fairly presented both in accordance with generally accepted accounting principles and otherwise, and recommend to the Board of Directors whether the quarterly and annual financial statements should be approved.
- Review any reports other financial information before the Company publicly discloses or submits this information to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

##### **External Auditors**

- Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- Satisfy itself, on behalf of the Board of Directors that the Auditor is "independent" of management, within the meaning given to such term in the rules and pronouncements of the applicable regulatory authorities and professional governing bodies. In furtherance of the foregoing, the Committee shall request that the Auditor at least annually provide a formal written statement delineating all relationships between the Auditor and the Company, and request information from the Auditor and management to determine the presence or absence of a conflict of interest. The Committee shall actively engage the Auditor in a dialogue with respect to any disclosed relationships or services that may impact the objectivity and independence of the Auditor. The Committee shall take, or recommend that the fully Board of Directors take, appropriate action to oversee the independence of the Auditor.
- Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- Review with management and the external auditors the audit plan for the year-end financial statements and

intended template for such statements.

- Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
  - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
  - (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee. Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

#### **Financial Reporting Processes**

- In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- Review certification process.
- Review any related-party transactions

#### **E. General**

Perform any other activities consistent with this Charter, the By-laws of the Company and governing law, as the Committee or the Board of Directors deem necessary or appropriate.

**F. Process for Handling Complaints Regarding Financial Matters**

The Committee shall establish a procedure for the receipt, retention and follow-up of complaints received by the Company regarding accounting, internal controls, financial reporting, or auditing matters.

The Committee shall ensure that any procedure for receiving complaints regarding accounting, internal controls, financial reporting or auditing matters will allow the confidential and anonymous submission of concerns by employees, consultants and/or contractors.

**Effective Date**

This Charter was implemented by the Board of Directors on May 24, 2013.